

any such excursions into the money market. In the course of the next year or two at the utmost we shall require only about Rs. 50 lakhs. The proper time will be chosen and when national or international tension is not so keen as at present I am sure that we shall get the best possible results. That our finances have been carefully husbanded by the Financial Secretary I might tell you by giving you an example. Recently the Government of India floated a loan and they substituted one variety of security by another. By promptly converting Rs. 33 lakhs of the old into the new Government of India loan we got a net profit of Rs. 79,000 out of it. That is chronicled in the Financial Secretary's note and I must congratulate the Financial Secretary and his department on the promptitude and the financial vision with which that transaction was conducted.

There is another matter which I desire to emphasise and emphasise very strongly. It must be remembered that the bulk of the income of the State is derived from indirect taxation. This is not often realised. 18 per cent. of the income is derived from customs and match excise and another 18 per cent. from other excises and about 9 to 10 per cent. from salt. What does that mean? About half our total income is derived from what may be called central or federal sources of revenue. This is an aspect which has to be very carefully borne in mind in the discussions which may take place in the immediate future. It must be remembered that, in this respect, Travancore differs from almost every Province excepting Madras and Bombay and notoriously differs from the Punjab, the United Provinces, the Central Provinces, Assam, and Behar and also differs in this respect from almost every other State excepting the few maritime States which have not already entered into special arrangements with the Government of India.

Land Revenue yields to us less than Rs 40 lakhs; it represents, 15 per cent. of the total revenues of the State, whereas land revenue is the backbone of provincial finance generally speaking. Income Tax brings us about Rs 10 lakhs and the aggregate of the two taxes *i. e.* about 50 lakhs is all the direct tax that the people of the State are paying. In other words, a population of $5\frac{1}{2}$ millions is paying by way of direct taxation a total of Rs 50 lakhs; the bulk of our revenue, over two crores is derived from indirect taxation.

It will be seen from the figures that I have quoted that the incidence of Land Tax in the State is 10 annas per head per annum; surely that is one of the smallest items of direct taxation in the world.

Now, the elasticity of our revenue is another matter which should not be forgotten. Let me tell you exactly what we have done recently.

REMISSIONS.

The following remissions were granted from 1112 onwards:—

In 1112 a seasonal remission of tax allowed to the Southern taluk came to Rs. 12,280. In 1113 there was a remission of tax including water cess and irrigation assessment in the Southern taluks for the

[President.]

Kanni crop. The benefit was extended to Kandukrishi and Sri-pandaravagai lands also. The total remission amounted to Rs 1,09,040. There was also a general remission of 50 per cent. on tax of Re. 1 and below, 12½ per cent. on tax above Re. 1 and total remission of land tax of one chuckram and less in respect of the current arrears for 1113 under Ayacut outstanding on the last day of Karkatakam. The amount thus remitted was Rs 93,858. The above remission was allowed in respect of water cess and irrigation assessment as well, the amount remitted being Rs 3,449. The benefit of these concessions was extended in 1114 to those who had already paid their tax for 1113 and to those who would pay their kists for 1114 at least one month before the close of the year. The amount remitted on this account is estimated at Rs 4,30,668.

A general remission of one half of the demand notice fee was allowed during the first half of 1114 for those who paid their dues before the end of Makaram 1114.

Twenty per cent. remission of the Ayacut demand in the taluks of Thovala, Agastheeswaram (except the pakuthies of Neendakara A and B divisions), and Shenkottah, including Sripandaravaga lands, has been allowed for a period of five years from the second half of 1114. On an average this brings about a remission of Rs 84,400 per annum.

RURAL UPLIFT.

A sum of Rs. 50,000 has been set apart in the budget for the next year for being utilised for rural welfare work. Seven Village Panchayats, constituted under Act VII of 1100, have been in existence for some years, but the results have fallen short of expectations. It is therefore proposed to introduce a scheme to rehabilitate the Village Panchayats. The idea is to have a Village Panchayat for every village. It is proposed to have one Panchayat in every taluk next year. The most suitable village will be selected for the purpose. All the nation-building departments will as far as possible be represented in the Panchayat and the Tahsildar of the taluk will be the chairman. It is expected that the changes now proposed will go a great way in improving the conditions of the villagers.

MARKET TOLLS.

Government also propose to abolish tentatively during the next year the market tolls in respect of head loads weighing less than twenty pounds. It is hoped that this will afford some relief to poor villagers who carry the fruits of their labours to the market and with the proceeds thereof purchase the necessaries of life.

SUPPLY OF DRINKING WATER IN SOUTH TRAVANCORE.

About six months ago it was brought to the notice of Government by officials as well as by non-officials that there was scarcity of drinking water in South Travancore as most of the wells in the interior of the taluks had dried up. After carefully investigating the matter a